



State of California Savings Plus Program

Qualified Domestic Relations Order (Dissolution of a Marriage or Legal Separation)

FACT SHEET

This information is not intended to provide or supersede legal advice. Savings Plus participants may wish to seek the advice from a professional regarding the legal requirements of a domestic relations order. Savings Plus does not provide legal or financial advice to the parties or their attorneys.

A Qualified Domestic Relations Order (QDRO) divides or awards a participant's account for the benefit of an alternate payee (spouse, former spouse, or dependent) as a result of the dissolution of a marriage or legal separation. A QDRO is a state court's judgment, decree, or order that affirms the rights of an alternate payee to receive payment from the spouse's (participant's) Savings Plus Program (SPP) account for child support, alimony, and/or marital property under the state's domestic relations law.

To ensure that the QDRO meets the requirements of Savings Plus, the QDRO must reference the proper title and appropriate plan(s) to be divided and/or awarded (401[k] Thrift Plan or 457 Deferred Compensation Plan). An error in the identification of the plan(s) may disqualify the QDRO. Sample QDROs can be downloaded from the SPP Web site at www.sppforu.com: Click on Plan Information and Forms; select Forms and Publications and click on Publications; scroll down to select 401(k) QDRO or 457 QDRO.

Savings Plus will provide account information only after receiving a participant's signed authorization or after being served a subpoena for the production of records.

Savings Plus is not a part of the State's defined benefit pension plan, California Public Employees Retirement System (CalPERS). If you have questions regarding CalPERS, contact (888) 225-7377.

Legal Hold on a Participant's Accounts

- Savings Plus will place a legal hold on a participant's account(s) on receipt of any of the following orders: joinder summons, domestic relations order, final judgment of dissolution, marital settlement agreement, or restraining order. A legal hold on the account(s) will prevent withdrawals (including 401[k] hardship withdrawals, 457 unforeseeable emergency withdrawals, or loans). If the participant is currently on distribution, payments will cease. The participant may continue to make contributions, exchanges, and fund allocations.

- The legal hold remains in effect until the date or through the period of time prescribed in a joinder summons or in any of the following circumstances:
 - An order is submitted with the explicit instruction to discontinue the legal hold.
 - A marital settlement agreement, community property agreement, or domestic relations order is received that clearly demonstrates that the status of the account has been resolved and is not at issue.
 - The account is divided.

Joinder Summons

- A joinder summons is a legal document notifying Savings Plus of a competing claim to a participant's account(s). Savings Plus will not divide or award an account on the basis of a joinder summons. The party requesting joinder shall properly serve all of the following items to Savings Plus at the address provided below:
 - FL-370 Pleading on Joinder—Employees Benefit Plan
 - FL-372 Request for Joinder of Employee Benefit Plan Order
 - FL-374 Notice of Appearance and Response of Employee Benefit Plan
 - FL-375 Summons (Joinder)
 - FL-117 Notice and Acknowledgement of Receipt

Savings Plus Program

1800 15th Street
Sacramento, CA 95814-6614

Final Judgment of Dissolution/ Domestic Relations Order

- A complete copy of the final judgment of dissolution filed with the court must be submitted to Savings Plus' third-party administrator, Nationwide Retirement Solutions (NRS), to the address indicated at the end of this section. If the final judgment of dissolution does not specifically stipulate how the funds are to be split, a QDRO filed and signed with the court as authority to divide a participant's account must be submitted and contain specific instructions and the following information:
 - Identify each party's name, date of birth, Social Security number, and mailing address.
 - Identify the account—401(k) Thrift Plan or 457 Deferred Compensation Plan. Stating "retirement account" is not acceptable.
 - Clearly state how the account is to be divided by using percentages or dollar amounts.
 - State whether or not investment gains and/or losses from the effective date shall be included in the awarded amount.
 - Provide the effective date (usually the date of separation).
 - If the effective date is prior to January 1, 2001, please read the "Important Information" disclosure which follows
- Important Information: NRS assumed administration of the plan effective January 1, 2001; therefore, historical records prior to this date are not available. If the effective date of the separation requires NRS to calculate an award amount

prior to January 1, 2001, one of the following options can be initiated to ensure an accurate segregation amount is provided to the alternate payee:

- Provide NRS with copies of historical statement(s) issued by previous plan administrator(s), which provide the account valuation on or near the effective date specified in the order. If applicable, clearly specify the rate of accrual of interest or earnings on the alternate payee's benefits from the effective date to January 1, 2001. NRS will not perform a hypothetical calculation to adjust for market fluctuations.
- Provide a specified dollar amount to be awarded.

Nationwide Retirement Solutions

Attn: Correspondence Team PW-02-04

P.O. Box 182797

Columbus, OH 43218-2797

Account Division

- Once a QDRO is accepted, NRS calculates the awarded amount to the alternate payee. A Letter of Agreement is mailed to each party named in the QDRO indicating the proposed awarded amount to the alternate payee. On receipt of the signed Letters of Agreement from each party or after 30 days if there is no response, the alternate payee account will be established and the funds transferred. The legal hold will be removed from the participant's account(s). A confirmation letter is mailed to each party notifying them of the completion of the account division to each party named in the QDRO.
- When the account is divided, a fee will be assessed at 1% of the total asset value of the participant's account at the court award date up to a \$200 maximum.
- Allow approximately 6 to 8 weeks for the account division.
- Alternate payees are not permitted to voluntarily assign their plan benefits to a third party.

Account Distribution

Eligibility

- Funds can be awarded to the alternate payee after the Letters of Agreement are signed and returned to NRS and the participant's account has been divided, providing the order does not instruct otherwise. Refer to the Benefit Payment Booklet for distribution options.

Tax Consequences

- The alternate payee is responsible for any federal and state taxes for any distribution taken on their account. A 1099-R will be issued by January 31 following the year in which a distribution occurs.

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